

Frequently Asked Questions In-Use Off-Road Diesel Vehicle Regulation

Low-Use Provisions Revised May 2011

Q - What if I have vehicles that I do not use very much or that I could get by with using only very little?

A - The regulation contains special provisions for low-use vehicles. Although low-use vehicles must still be reported and labeled, they do not count towards a fleet's total horsepower and are not included in the portion of a fleet that must meet the fleet average target rates; in other words, low-use vehicles do not have to be turned over or retrofit. As discussed further below, claiming vehicles as low-use can be a very useful way for some fleets to reduce their compliance obligations under the off-road regulation.

Q - What is considered a low-use vehicle?

A - Low-use vehicles are defined in the regulation as vehicles used less than 200 hours per year, or less than 600 hours over a 3 year period. For a vehicle to be considered low-use, the owner must have a non-resettable hour meter installed on the vehicle, and report the annual hour meter readings to ARB.

Q - How can a fleet utilize the low-use provisions?

A - There are two ways the low-use definition may be applied, and there are substantial differences in the restrictions and benefits:

- 1. Year-By-Year Low-use:** A fleet owner may track a vehicle's hours of use during a compliance year, and claim the vehicle as low-use in that one year. For example, a large fleet with a 2014 compliance year would log the vehicle's hours of use from Jan. 1, 2013, to Dec. 31, 2013. If the vehicle is used under 200 hours in that year (or under 600 hours for the three year period starting Jan 1st of the first year and ending on Dec. 31st, of the third year), that vehicle can be claimed as low-use. The vehicle will be removed from the fleet's total horsepower when calculating the January 1, 2014 requirements and would not need to be retrofit or turned over in that year. Consider, for example, a fleet with 6,000 total hp, 1,000 hp of which is claimed as Year-by-Year Low-use. For that fleet to meet the BACT turnover requirements of 8 percent per year, the fleet would need to turn over 400 hp (8 percent of 5,000 hp). This reduction in horsepower

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can also be used to move to a smaller fleet size, with the associated change in requirements.

After a fleet claims a vehicle one year as Year-by-Year Low-use, the fleet can continue to report the vehicle as low-use every year, and report its annual hours of use. The fleet would not receive credit towards the BACT requirements for engine turnover if they chose this Year-by-Year Low-use option.

If a vehicle is claimed as Year-by-Year Low-use, the vehicle does not have to be claimed as low-use in any future years, and can be used 200 hours or more per year in future years. Once used more than 200 hours or more in a year, it would then be counted toward the fleet's total horsepower and would be included in the emissions requirements for that year as well as later years. Similarly, the vehicle would not need to meet the adding vehicles requirements in order to be used more than 200 or more hours per year in future years. Thus, a Tier 0 vehicle (which fleets will be prohibited from adding pending U.S. EPA authorization) could be claimed as Year-By-Year low-use in one year and then used 200 hours or more per year in future years.

- 2. Permanently Designated Low-use:** A fleet owner may designate a vehicle as permanently low-use, which permanently limits the vehicle's hours of use to less than 200 hours in any **future** year (the vehicle did not have to be used under 200 hours in the current or previous compliance years). The vehicle must meet the regulation's standards for adding vehicles if the fleet owner ever brings the vehicle back into service. Hence, if a Tier 0 vehicle (which fleets will be prohibited from adding pending U.S. EPA authorization) is permanently designated as low-use, it can never again be used 200 hours or more per year. If a fleet permanently designates a vehicle as low-use, the fleet will receive credit towards the BACT requirements for that vehicle's horsepower.

Q - When should I use Year-By-Year Low-use?

- A - If you have a number of older vehicles that are not being used due to decreased activity or any other temporary causes, but that may be used 200 hours or more in the future, using the Year-By-Year low-use provision will most likely be a good choice. This would allow you to use the vehicles as much as needed in future years. As noted above, once a vehicle is permanently designated low-use, on the other hand, its use in future years may be restricted, particularly if it is an older vehicle.

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To use this provision for any compliance deadline, such as the January 1, 2014, deadline for large fleets, you would need to report the hour meter readings for the vehicle as of January 1, 2013, and December 31, 2013. Alternatively, you could report the hour meter readings for January 1, 2011 through December 31, 2013, if the vehicle was used 200 hours or more in the last year, but less than 600 hours in the previous 3 year period. These hour meter readings would be reported as of part of the 2014 fleet report required to show compliance with the regulation, due for large fleets on March 1, 2014.

Q - When should I permanently designate vehicles as low-use?

- A - If you need credit towards the BACT requirements (which begin in 2014 for large fleets, 2017 for medium fleets, and 2019 for small fleets) and have vehicles that you can permanently restrict to less than 200 hours per year, you may want to use this provision to permanently designate a vehicle as low-use. This will provide BACT credit in the amount of the vehicle's maximum horsepower, requiring the fleet owner to restrict the vehicle's use to less than 200 hours per year and to report the hour meter readings each year. The vehicle can be removed from low-use status only by meeting the requirements necessary to add vehicles to the fleet.

To use the permanent low-use designation, the fleet does not have to report the vehicle's previous hours of use. For example, if a fleet wanted to designate one of their vehicles as permanently low-use to provide credit towards their BACT requirements in 2014, the fleet could designate the vehicle as low-use by reporting the vehicle's engine hour meter reading from January 1, 2014 and then each year thereafter, the fleet continues to report the engine hour meter reading from December 31st. For example, the fleet would report the engine's hours of use from December 31, 2014 for the March 1, 2015 reporting date.

The vehicle can be used any number of hours from March 2, 2009, to December 31, 2013, and still provide credit towards the 2014 BACT requirements – the initial year the limitation of less than 200 hours per year would apply is the January 1, 2014 to December 31, 2014 period. The fleet would need to report the vehicle as permanently designated low-use in their 2014 compliance report (due March 1, 2014, for large fleets), and have an hour meter installed and begin logging the hours by January 1, 2014. The fleet will also need to report the hours of use for the vehicle in every future year until the vehicle is sold or the vehicle meets the adding vehicles requirements and is removed from permanently low-use status.

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When designating a vehicle as permanently low-use, the fleet cannot use the three-year-average provision until the third year. For example, if a fleet designated a vehicle as permanently low-use in their compliance report for the 2014 requirements, the fleet would be limited to using the vehicle less than 200 hours per year during January 1, 2014 to December 31, 2014 and during January 1, 2015 to December 31, 2015). In the third year, the vehicle could be used 200 hours or more if the hours of use from January 1, 2014 to December 31, 2016 were under 600 hours.

Q - What if I permanently designate a vehicle low-use that was previously Year-By-Year Low-use?

A - Once a vehicle is reported as either Year-By-Year Low-use or permanently designated low-use, the vehicle does not count toward the total fleet horsepower, and does not need to be turned over or retrofit.

However, you may permanently designate a vehicle as low-use that was previously year-to-year low-use to receive credit towards the BACT requirements. The vehicle will already have been excluded from fleet calculations; however you will receive credit for turning over the engine.

Q - What if I retire a low-use vehicle?

A - Year-By-Year Low-use

If a fleet retires a vehicle that was reported as Year-By-Year Low-use, the fleet will receive credit towards the BACT requirements. This does not “double count” because the fleet did not receive BACT credit when it initially reported the vehicle as Year-By-Year low-use.

Permanent Low-use

If a fleet retires a vehicle that was permanently designated low-use, the fleet will not receive additional credit towards the BACT requirements; because BACT credit for the vehicle was already granted when the vehicle was designated as a permanent low-use vehicle.

Q - What if I had a low-use vehicle in my fleet when I did my initial reporting in 2009?

A - Vehicles initially reported to ARB as low-use in 2009 may use either of the low-use provisions – Year-By-Year or Permanent low-use. If a vehicle was used less than 200 hours in the previous year, but is not reported using one of the low-use provisions detailed above, the vehicle will not be

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considered low-use, and its horsepower will be added to the fleet's total when determining if the fleet meets its compliance requirements. Note that if the fleet wants to use the Year-By-Year low-use option to remove the vehicle from its upcoming compliance requirements, the fleet must log the hours of use from Jan. 1st to Dec. 31st of the previous year. The hours of use must then be submitted to ARB on the fleet's annual reporting date of March 1st.

For example, a medium fleet (with an upcoming compliance year of 2017) that reported a vehicle as Year-by-Year low use to ARB during its initial reporting in 2009 must then log the vehicle's hours of use from Jan. 1, 2016 to Dec. 31, 2016. The fleet owner must then submit the hours of use by March 1, 2017, its annual reporting date.

Q - What if I have vehicles used partially inside and partially outside of California?

A - If you operate a vehicle both inside and outside of California, you may use the hours that it is operated inside California to determine if the vehicle is low use. For instance, if a fleet uses a vehicle 199 hours inside California in one year, and 2000 hours in Nevada and another 1000 hours in Oregon in the same year, the vehicle would meet the low-use requirements for that year. To use this provision, the vehicle owner would need to log the date and the hour meter reading each time the vehicle entered and left the state. The vehicle will be reported as "Low-use Outside", and the hours of use inside California only will be reported in that year.

Q - What about vehicles used partially for emergency services?

A - If you use a low-use vehicle for emergency services (e.g., fighting or controlling a wildfire), you do not need to include the hours of use that were for emergency use when determining the vehicle's annual hours of use. For example, if a vehicle was used 195 hours in one year in general use, but was also used 50 hours to help fight wildfires, that vehicle would meet the low-use requirements for that year. The vehicle owner would need to log the hour meter readings during general services (non-emergency use) and report those as the vehicles hours of use in that year, and keep a record of the logs of emergency services.

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- Q – Can a two-engine vehicle subject to the off-road regulation be considered a low use vehicle if only one engine is low use? For example, what if the lower (carrier) engine is used less than 200 hrs per year, but the upper engine is used more often?**
- A - No. In order to be considered a low use vehicle, both engines of a two-engine vehicle must meet the criteria of the low-use provisions individually. For example, if the upper engine on a two-engine crane operated for 190 hours in a year, and the lower engine was also operated for 190 hours in that year, that two-engine crane could be considered a low-use vehicle.

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